GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department – BRAP 2019 - Central Inspection System-Procedure for inspections – Amendment & Modification – Orders Issued.

INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.MS.No. 62 Dated: 28-03-2019

Read the following:-

1. G.O MS No. 135, Industries & Commerce (P&I) Department, Dt: 12.10.2017.

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ORDER

In the G.O 1st read above, Government have issued orders to institutionalize Central Inspection System (CIS) with a view to provide single platform to carry out inspection of Industries by various Departments such as Factories, Boilers, Labour, AP Pollution Control Board, Legal Metrology, etc through an Information Technology enabled platform with an aim to improve the ease of doing business in the State of the Andhra Pradesh.

2. As per reform-65 and 66 of Business Reform Action Plan, 2019 and Implementation Guide the recommendation is as follows:

Reform No	Recommendation
65	Institutionalize a Central Inspection System (CIS) responsible for undertaking compliance inspections of the departments concerned and i. Define risk criteria (such as High, Medium and Low risk) to classify industries which undergo inspections conducted by Departments under the CIS ii. Differentiate compliance inspection requirements based on risk profile of industries iii. Publish a well-defined inspection procedure, checklist on the Department's/ CIS Web site iv. Identifying establishments that need to be inspected based on computerized risk assessment v. Computerized allocation of inspectors vi. Mandate that inspections (except in case of complaint based inspections) shall be limited to the checklist

	vii. Mandate online submission of inspection report within 48 hours to the Department/ CIS viii. Mandate that the same inspector will not inspect the same establishment twice consecutively ix. Allow users to view and download submitted inspection reports of at least past three years.
66	Mandate surprise inspection or inspections based on complaints are conducted with specific permissions from the respective Head of Department.

3. After careful examination of the proposal of Commissioner of Industries, Government hereby amend section IV & V of para 3 in G.O Ms. No. 135 Industries & Commerce (P&I) Department, Dt: 12/10/2017 as follows:-

AMENDMENTS

IV. Risk based selection of establishments for inspection

A. In place of 'Risk based selection of establishments under Labour department defined as per G.O MS No. 27 dated 31-05-2016 of the Labour Department, the following is included:

- Risk based assessment and categorization of establishments as defined by Labour Department:

(a) Risk categorization on the basis of number of workers:

Risk in the perspective of the Labour department for categorization into high risk, medium risk and low risk establishments relates to risk to the workers in terms of their entitlement viz. wages, bonus & other remuneration, leave, holidays, working hours, worksite facilities, safety & health, welfare and social security measures like gratuity, EPF, ESI, accident compensation etc. Experience of the department indicates that the smaller the establishment the less is the compliance. Therefore small establishments employing up to 300 workers (including contract workers) are categorized as high risk establishments. Establishments having more than 300 workers (including contract workers) generally comply

with the labour laws to a reasonable extent due to their resourcefulness and further compliance may be secured by persuasion. These establishments are categorized as medium risk establishments.

All establishments having no employees are categorized as low risk establishments and totally excluded from inspection system.

(b) Risk categorization on the basis of number of contract workers engaged:

There are certain establishments employing large number of contract workers in some cases more than the number of regular workers. In such establishments the terms and conditions of employment of regular workers and contract workers are totally different and contract workers are prone to exploitation. The contract establishments of all such establishments employing contract workers exceeding 25 % of total workers of the Principal Employer establishment are categorized as high risk establishments.

(c) Risk categorization on the basis of nature of activity of the establishment:

In certain activities workers are prone to exploitation besides risk of accidents and health hazards.

- **<u>High Risk Establishments</u>**: The establishments undertaking the following activities are categorized as high risk establishments.

  1.Automobile engineering workshops including servicing and repairs, 2. brick kilns, 3.cashew processing,4.chemicals and pharmaceuticals, 5.cinema industry, 6.colour printing and yarn dyeing, 7.construction or maintenance of roads and buildings, 8. Cotton ginning and pressing, 9.Glass industry, 10. Hotels, restaurants and eating houses, 11. Jute and coir, 12.Khandasari Factories,13.Lime kilns, 14. Match and fire works, 15. Metal foundries and general engineering,16. Mica works, 17.Petrol bunks, 18.Power loom industry, 19.Motor transport undertakings, 20.Rice Mills, flour mills, dal mills, oil mills, saw mills, 21. Steel mills and steel-rerolling mills, 22.stone breaking and stone crushing operations, 23.Tanneries and leather manufactory, 24.Tiles and potteries, 25. Tobacco including beedi making, 26. Security services,27. Spinning mills, 28. Baking process including biscuit manufactory, 29.Cement concrete pipes, 30. Cotton carpet weaving, 31.distilleries and breweries,

32. Gold covering industry, 33.Mesta used twine mills, 34.Paper and paperboards, 35.Straw board and handmade paper manufactory, 36. Power loom industry, 37. Wood working establishments, 38. Woolen carpeting and shawl weaving establishments.

a) Establishments employing up to 300 workers (including contract workers)
b) Establishments employing more than 25% of total workers on contract basis
c) Establishments engaged in high risk activities as specified above.

- **Medium risk establishments**: On the same basis the following establishments are categorized as medium risk establishments.

1.Clubs and canteens, 2. Electronics industry, 3.Fisheries and sea foods, 4. Garment and allied manufacturing industry, 5.Hospitals, Nursing homes and clinics other than Govt. Hospitals and dispensaries, 6. Salt pans, 7.Softdrinks and aerated water manufacturing units, 8.Handloom weaving, 9.Printing press including litho and offset printing etc.

Establishments employing more than 300 workers (including contract workers) and the contract workers engaged being less than 25% of total workers and the activity of the establishment is of medium risk as specified above are medium risk establishments.

- **Third party Certification**: All medium risk establishments are allowed third party certification and shall not be inspected by the Department

- **Establishments exempted from inspection**:

a. Start-Up Establishments for a period of 3 years from the date of commencement of work / business.
b. All low risk establishments (establishments having no employees).
c. Establishments under SEZs / EPZs.
d. Establishments submitted combined annual return and having no violations consecutively for 3 years.
e. Any other establishment specifically exempted by the Govt.

f. Establishment inspected in the first year will be exempted for the next 2 years for inspection by any inspecting officer.

B. In place of 'Risk based selection of establishments under APPCB defined vide Circular Memo No. 4/APPCB/Gen-9/CFO/HO/UnitIV/2016 dated 12-02-2016 of the AP Pollution Control Board, **Inspection schedule for Pollution Control Board shall be as follows**:

Category	Industries	Frequency
High risk (red category)	17 category industries as identified by CPCB, Ports, CETPs, TSDF, CBMWTFs, Ferro Alloy and sponge iron industries	Once in 6 months
Medium risk (Orange category)	Dairy & Dairy products, vegetable oil manufacturing including refinery, food & food processing industries including fruits and vegetable processing, sea food processing units & coffee seed processing industries	Third party inspections to be conducted once a year
Low risk (Green category)	All green category industries as defined by CPCB	Exempt physical inspection of units with history of satisfactory compliance. Satisfactory compliance means: 1. There are no pending prohibitory directions from Courts/Appellate authority/ National Green Tribunal/ any Judicial Authority 2. There are no specific directions of closure/stop production by the Board under Section 33 (A) of Water Act, 1974 and Section 31 (A) of Air Act, 1981 and amendments thereof.

C. In place of 'Risk based selection of establishments under Factories Department as per the circular memo no.A1/3117/2017, dt.11.07.2017 of Factories Department', the following is included:

- **Risk categorization as defined by Factories department is as follows**:

Category	Industries	Frequency
High risk factories	a. All Major Accident Hazard factories (MAH) b. All factories employing more than 1000 workers c. All factories where there is risk of workers being affected with occupational diseases like Stone Crushers, Asbestos, etc d. All factories covered under Section 2 (cb) and Section 87 & Rule 95 employing more than 150 workers	Once a year
Medium risk factories	a. Petroleum and oil terminals, LPG Bottling plants, etc of Oil companies in Public sector covered under OISD, PESO, PNGRB b. All factories covered under Section 2 (cb) and Section 87 & Rule 95 employing more than 20 and less than 150 workers c. All factories employing more than 150 and less than 1000 workers	Once in 2 years
Low risk factories	All factories employing more than 20 and less than 150 workers (not elsewhere classified)	Once in 3 years

D. Risk categorization as defined by Boilers Department is as follows:

Category	Boilers	Inspection requirement
High risk	All other types of fired & unfired Boilers	Both Hydraulic test and thorough examination shall be carried out for high risk boilers
Medium risk	Small Industrial Boilers (other than coil type or once through Boilers)	Thorough examination only. However, for HMT type Boilers, both Hydraulic test and thorough examination shall be carried out
Low risk	Coil type or once through Boilers	Hydraulic test only shall be carried out

V. Inspection Procedure

a) CIS will be responsible for synchronization of multiple inspections and all inspections will be directed through the system.
b) Industrial and Commercial establishments and factories shall be allotted to inspectors by computer in randomized manner based on the automatic risk assessment of Industrial and Commercial establishments.
c) Inspectors shall be informed directly to conduct the inspections based on the inspection schedule.
d) The establishment shall be informed of upcoming compliance inspections through e-mail/SMS. Also, inspection information on forms and templates shall be sent before the inspection process to the establishment being inspected.
e) Inspector scheduling must be on a rotational basis i.e., same inspector cannot perform two consecutive inspections of the same business.
f) The inspection report to be submitted within 48 hours to the CIS.
g) Inspection reports of at least past three years shall be made available to users for download.
h) Inspections (except in case of complaint based inspections) shall be limited to the checklists of the departments which are published on CIS portal (http://cis.ap.gov.in/CIS/Index.aspx)
i) Surprise inspection or inspections based on complaints shall be conducted with specific permissions from the respective Head of Department.

- These provisions in Section-V shall be applicable to all the acts mentioned in Annexure-I of G.O MS No. 135 Industries & Commerce (P&I) Department, Dt: 12/10/2017.

4. The Commissioner of Industries, Government of Andhra Pradesh is requested to take necessary action accordingly.

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Commissioner of Industries, Govt. of A.P., Vijayawada.
Copy to:
The VC&MD, APIIC, Vijayawada.
The Commissioner of Labour, Govt. of AP., Vijayawada.
The Member Secretary, AP Pollution Control Board, Vijayawada.
The Director, Factories Department, Govt. of AP, Vijayawada.

The Director, Boilers Department, Govt. of A.P. Vijayawada.
PS to Principal Secretary to CM, CMO, AP. Secretariat.
PS to Hon'ble Minister, Ind. & Com. Dept., A.P. Secretariat.
PS to Special Chief Secretary to Govt., LET&F Dept., AP. Secretariat.
PS to Principal Secretary to Govt., EFS&T Dept., AP. Secretariat.
PS to Principal Secretary to Govt., Energy, I&I Dept., A.P. Secretariat.
PS to Secretary to Govt. & CIP, Ind. & Com. Dept., A.P. Secretariat.

// FORWARDED BY ORDER //

SECTION OFFICER